Mr. P. S. Kesavan Nambudiri
The Government Advocate
,, Chief Medical Officer and
,, Mover.

Dr. A. R. Menon.—Would it be better to include the name of the Sanitary Commissioner also?

President.—No.

Mr. E. Ikkanda Warriar.—I second it.

Motion put and carried.

President.—I nominate the Government Advocate as the Chairman of the Committee which should report within six months.

Provident Insurance Societies Bill.

Mr. K. T. Mathew.—I move that the Cochin Provident Insurance Societies Bill be read in Council.

Mr. K. Ayyappan.—I second it.

Dr. A. G. Menon.—I oppose it, Sir, just to know the nature of the bill, so that the mover may explain. For that only I oppose it.

Mr. K. T. Mathew.—I may point out a similar bill has recently been passed in Travancore because so many small Insurance Companies which are not worth the name of Insurance Companies have been promoted with a capital of Rs. 200, Rs. 500, or Rs. 1000 and they run as Kerala, Bharatha or Universal Insurance Companies. Such high-sounding names these companies adopt and they do business, collecting one rupee or two rupees from the poor people and do business without a large capital. They are not based on any sound insurance principles. This question was before the Indian National Congress and the Congress appointed a Committee to investigate this matter in Gujarat. A report has been submitted by that Committee in which they pointed out that such companies do not encourage insurance and in the interests of all they should be brought to an end at the earliest date. They have given reasons as follows:—

"1. The past experience of such companies started during the first decade of the present century indicates invariable failure of such companies.

2. Such companies are not based on actuarial calculations and the name "Free Insurance" given to them by their promoters is a misnomer because it is really speaking a more expensive form of Insurance than ordinary Life Insurance.

3. They are unacturial and hence unscientific, unsound and unworkable and are bound to come to grief unless they resort to unfair methods.

4. The paid up capital of such companies, except one which is doing higher Insurance business does not exceed Rs. 5,000 which is quite insufficient to meet the future obligations of the company.

5. The Reserve Fund that are being built up seem to be hopelessly inadequate to fulfil the retirement clause.

LIBRARY ARCHIVES Kerala Legislative Assembly

6. As there is no proof of age and no medical examination old and sickly people enlist themselves as members under such schemes and inflate the death ratio to 2½ and 3 per 100 per month which is double that of ordinary Life Insurance Companies. As time elapses, this ratio will go higher still and will prevent the influx of new members upon which depends the very existence of the company.

7. A large number of the Managing Agents are adventurers out to make money by voting themselves fat salaries and commission and are making fantastic promises of large returns in a short time and practically robbing the poorer of the public of their hard-earned money. Most of them are insurance canvassers who have raised themselves all of a sudden to the status of Managing Directors. Some of them are also discovered to have a shady past.

8. The personnel of the Directors is composed mostly of men of some social status who are taken in by the catch-phrase of Swadeshi and some of them are now tendering their resignations when they discovered the truth behind thin veneer of Swadeshi.

9. A majority of these companies are making changes in the rules from time to time which are detrimental to the interests of the existing members. Gujarati prospectuses of some of the companies differ materially from their English prospectuses.

10. All such companies do not promise to pay any fixed sum within a fixed period of time to the nominee of the deceased.

11. Some companies promise to pay surrender value and loans on paid-up Policies, which it is impossible to give under such schemes.

12. The most objectionable feature of such societies is the form in which their accounts are drawn up which is so complicated that in the case of many societies even an expert cannot gauge therefrom the true position of a society.

13. These companies are a curse to Indian Insurance enterprises."

Motion put and carried.

Secretary to the Council.—The title of the Bill is "The Cochin Provident Insurance Societies Bill."

Mr. K. T. Mathew.—Sir, I move that the Bill may be referred to a Select Committee of the following Members:—Mr. P. Krishna Menon, Mr. Paul Mampilli, Mr. M. K. Raman, Mr. K. P. Vallon, the Lady Member, the Government Advocate and the Mover.

Mr. K. M. Ibrahim.—I second it.

Motion put and carried.

President.—I nominate the Government Advocate as the Chairman and the Committee will report within 6 months.

Resolutions.—1. Levying of Water-tax in the Ernakulam Municipality—(*cont*).

Mr. V. K. Aravindaksha Menon.—Sir, this resolution recommends that the free allowances for service connections in Ernakulam should be calculated on the basis of a three month period. The present practice is to calculate it for a period of one month.

Now, I shall state a few words on these free allowances and the principle on which these are instituted. The Munici-

LIBRARY ARCHIVES Kerala Legislative Assembly